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STANDARD CLASSIFICATIONS AS COMPARED WITH
CERTAIN STATE CLASSIFICATIONS

BY

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Standard Classifications as Compared with Certain State Classifications.

CHAPTER I.

Origin and Extent of the State and Interstate Classifications.

The importance of classification began to be recognized at an early date. The stage companies, among the first transportation mediums, made an effort to differentiate between commodities of the same or similar classes. These so called classifications, although very rough and incomplete at first, have no doubt been the basis for future development. The water carriers made some improvement on the stage coach classification and carried the grouping process a step further. From the first, an effort was made to charge a different rate for each class.

The railroads, in many places, paralleling water routes, had to bid for the competitive traffic. As the waterways preceded the railroads, the latter were forced, to a large extent, to follow the system of classification of the former. However, it was not until the passing of the Interstate Commerce Law that classification of articles began to assume more importance. Until then, owing to the many rebates offered by railroads, it was rather a classification of shippers than a classification of articles.

The early railroads, as had the waterways before them, found it necessary to use the principle of classification. The Liverpool and Manchester Railroad in 1828 contained forty freight items. Twenty-seven years later, 1855, the South Carolina Railroad contained 300 items.¹ At that time most of the traffic was local and there was no need for an elaborate classification. There were no trunk lines then and each road proceeded to meet the economic conditions peculiar to its territory.

As each section of the country developed and the railroads began to spread their net-work of tracks from the Atlantic to the Pacific and from the Great Lakes to the Gulf of Mexico, they brought with them a growing variety in articles of trade and a more mature knowledge of traffic principles. Through business developed rapidly and with it a demand by shippers for more uniform classifications. Independent companies were organized to handle the through freight and to arrange for proper facilities with the several railroads over whose tracks they operated. Their influence was sufficient to compel the railroads to realize the evil of the situation and to take some steps to reduce it.

About 1882, the "Revised Joint Classification", father of the present Western Classification, and the "Middle and Western States Classifications", applying to what is now termed Trunk Line and Central freight association territories, as well as westbound and eastbound classifications applying to traffic between Atlantic points and the Middle West, were adopted.² Later in the same year, the "Joint Western Classification" had been put into effect on

the "Joint Western Classification"

1. E.R. Dewsnap: Freight Classification. P.3.

2. Ibid. P.93.

many roads. Each year additional roads adopted these early uniform classifications until 1886 when the number of classifications in the country had been reduced to about 50.¹ The three great classifications were organized about 1889. In the early 80's each of the leading classifications numbered about 1000 items. In the Standard Classifications the items grew by leaps and bounds until they amounted to several thousands in each.

Table Showing Increase of Items in the
Standard Classifications

Year	Official	Western	Southern
1890	5,747	3,859	1,853
1900	9,617	7,561	3,245

The difference between these classifications was not only in the number of items but also in the proportion of car load to less than car load ratings. This is illustrated by the following table.²

Table Showing Proportion of Carload
Ratings to Total Ratings.

Year	Official	Western	Southern
1887	40%	44%	18%
1902	81%		65%
1912		70%	

1. E.R.Dewsnup: Freight Classifications. P.94.

2. Ibid. P.4.

Another step towards unification was the consolidation movement which started in the 50's. As a number of short lines came under a common control all rules and regulations had to be modified for the convenience of the rest of the group. With the organization of systems reaching across half a continent, the railroad manager had to adapt himself to a broader aspect. It was his duty to make each division of the system pay, not merely one city.

Great impetus was given to the unification movement by the law creating the Interstate Commerce Commission. This commission is the one disinterested body which can survey the whole situation with an unbiased eye and act as a clearing house for all differences. While the Interstate Commerce Commission has no jurisdiction over intrastate regulations yet it acts as a factor in influencing the various State Commissions. The Commerce Law has served as a model for many state railway laws. The Standard Classifications influence the intrastate regulations to a large extent and supercede them on all shipments either originating outside of the state for points within the state or, originating within the state but going out of the state.

It is quite difficult to define exactly the boundaries of the various territorial divisions. As was mentioned above the origin of any division was due to its individual economic condition. At first it was a large city, a port, or a railroad center that demanded special attention. Gradually this point exerted its influence on the surrounding territory until its sphere was greatly enlarged until now all the interstate freight movements in the United States are governed by three classifications,

the Official, the Western, and the Southern. These standard classifications, as they are sometimes called, with their exceptions, are largely influenced by the rulings of the Interstate Commerce Commission. The Standard Classifications apply even on intrastate shipments unless otherwise provided for by a local classification, but they supersede all others on freight moving from one state into another. When an article moves from one territory into another, on a through rate, only one classification will govern, but if the article moves on a combination of two or more rates, several classifications may govern the shipment.¹

The boundaries of the Official Classification territory as understood by railway traffic men² are the eastern shore of Lake Michigan and Illinois; Indiana State line, to the Ohio River; then by an arbitrary line through Roanoke, Virginia, Lynchburg and Petersburg to Suffolk, then up to Norfolk and the coast.³ It takes in such centers as New York, Philadelphia, Boston, Chicago, Charleston, and Richmond.

The Southern Classification territory extends east of the Mississippi River and South of the Official boundaries.⁴

The Western Classification territory is all that vast area west of the Official and Southern territories.⁵

The State Classifications, as already pointed out, govern freight movements within their own territory. However,

1. E.R.Dewsnup: Freight Classifications. P.16.
2. William Shelton: Railway Maps. Map 1.
3. E.R.Dewsnup: Freight Classifications. P.21
4. William Shelton: Railway Maps. Map 1.
5. Ibid.

because of the influence of some center, such as Chicago, a state classification may apply within neighboring territory outside of its own boundaries. This is true when an important center acts as a distributing point to all neighboring cities. The Illinois Classification is in force not only on all intrastate shipments but also at St. Louis and Dubuque, Iowa and at all points between bordering on the west bank of the Mississippi River. Terre Haute and all points north on the main line of the Chicago and Northwestern Railroad, points between Milwaukee and Jefferson Junction, all points east of the right-of-way of the Chicago and Northwestern from Jefferson Junction to Beloit, Wisconsin, inclusive, stations on the west bank of the Mississippi River, St. Louis, Burlington and all points in between, and also on traffic to and from stations on and adjacent to the Illinois-Indiana State Line in the State Of Indiana.¹

The Texas and Georgia classifications govern within their own respective territories. Like all the other classifications, these two attempt to provide for these conditions which are peculiar to them and are not taken care of by the standard classification rulings.

Each classification contains a number of classes under which commodities are grouped. As was already mentioned, many factors enter into the making of rates. As all these classifications have been built up step by step during a long period of years, it is hard to tell what reasons guided the traffic experts in each case. However, in a general way it is safe to assume that the following have had considerable influence. The geographical position of the shipper and the relation of several markets to

each other and to the shipper will tend to depress freight charges. Civic needs, value and risk in transporting various kinds of articles, and competitive commodities are causes which assist the rate expert to decide in what class a commodity should be placed. All classifications follow some uniformity in naming the classes. Invariably first, second, and third classes are reserved for articles taking a higher rating than those numbered above three or by letter. No uniformity is followed by them in the method of numbering the classes. The following table shows the number of classes in each classification under discussion.

Classification	Classes													Number of Classes
Official	1	2	R.25	3	R.28	4	5	6						9
Southern	1	2	3	4	5	6	A	B	C	D	E	F	H	13
Western	1	2	3	4	5	A	B	C	D	E				10
Georgia	1	2	3	4	5	6	A - R (except G)							24
Illinois	1	2	3	4	5	6	7	8	9	10				10
Texas	1	2	3	4	5	A	B	C	D	E				10

Although the Official has but six numbered classes, it also has three rules, 25, 26, and 28, which in reality provide for additional classes. Rule 25 provides that all articles subject to this rule take a rating fifteen per cent (15%) lower than second class. Rule 26 provides for a class higher than fourth but twenty per cent (20%) below third class rates. While Rule 28 provides a table of amounts to be added to the fourth class rate to make a rate for articles coming under this rule. But in no case may the rating under these three rules be higher than the net rate of the class above. In addition, each classification provides a progres-

sion of classes above first class, as $1\frac{1}{4}$, D1, 3t1, etc., for Once and a Quarter, First Class, Double First Class, and Three times First Class, respectively.

The method of unifying the classes will be taken up in a later chapter.

CHAPTER II

Comparison of the Rules.

It was seen in the first chapter how classifications originated. The first attempt of the early rate makers was to distinguish between the different commodities. They learned through experience, however, that such a classification was not enough. To permit a man to ship one hundred pounds of sugar in a wooden box weighing fifty pounds and to charge him for one hundred-fifty pounds of sugar is as unjust as if he were charged for one hundred-fifty pounds of wood. There must be some allowance for the weight of the box. A large display window plate, boxed, may be sent standing up or flat on the floor of the car. It would be unfair to the shipper if he were to pay the same rate for either method. It occupies a good deal more space when it is flat and should therefore pay more. A race horse requires greater care and better accommodation en route than a truck horse does. The carrier should certainly be recompensed for the extra labor and expense. A farmer wants to send forty thousand pounds of grain to the market. He asks the railroad for a car of that capacity. He receives two cars of thirty thousand pounds capacity each. Shall he be required to pay for the total minimum weight of both cars? Such problems and many others of similar nature are of every day occurrence in shipping circles. Some rules must be established for general application. A shipper wants to know immediately the rate for an

article to be sent for any given distance. Delay is too costly. It is quite evident that as traffic increased new problems arose for which provision had to be made. The ratings depend not only on the distance traversed and the kind of commodity, but also on the method of shipment. If it is "Set Up" it will take a higher class rate than if it were completely knocked down. A car loaded by the consignee, will take a lower class rate than if it were a small shipment which had to be handled several times by the carrier. In the light of the above facts, it is quite important that the rules of each classification under discussion be studied carefully.

The state classifications of Texas, Illinois, and Georgia coming within the Western, Official and Southern Classification territories, respectively, endeavor to do for intrastate shipments what the three standard ones are doing for the interstate shipments. A sparsely settled area like Texas can not be placed on a par with a thickly populated area like Illinois. The rules in each state attempt to meet the problems peculiar to its own economic welfare. In the table following an effort was made to point out the like and unlike points in each classification. In the next few pages a further effort is made to interpret the tabulated results.

The following issues were used. The Texas Classification Number 2, the Western Number 53, the Illinois Number 10 with Supplements Numbers 23 and 27, the Official Number 41, and the Southern Number 40 with Exceptions. In each case, whenever possible, the rulings were revised to date. These rules hold only when not otherwise specified under items or in Exceptions. Furthermore when a

classification does not contain a certain ruling, it does not necessarily mean that there is no such a provision. It may be included in the Exceptions published by railroad freight associations and by individual railroads. Owing to the limited amount of time, some of the sources could not be examined. As the main object of this thesis is to compare certain state classifications with the standard classifications, the state rulings were taken as a basis. Comparing the Western Classification with the Texas Classification it was found that the former is governed largely by the Interstate Commerce rulings concerning shipments of dangerous freight and liability of carriers for damage to freight en route. When an article is falsely described or underbilled, the Texas Commission in Rule 3 provides for a penalty of ten per cent (10%) on corrected rating while Rule 1 of the Western, quoting Section 10 of the Act to Regulate Commerce, makes it an offence punishable by fine or imprisonment.

Rule 5 of Texas provides for a carload minimum based on whether the commodity is of 3" class and higher, or lower than 3'rd class, while Rule 6 of the Western makes the minimum depend on the length of the car. Another point of difference between the Texas and Western Classifications is in the allowance for temporary blocks and racks supplied by a shipper to protect carload freight in open cars. Rule 12 of the former allows 1000 pounds per carload. Rule 27 of the latter allows only 500 pounds.

Rule 8 of Texas permits the shipment of ten head of live stock to be shipped with emigrants' movables or bridge builders' outfits. Also one attendant is given free passage. But

there is no corresponding provision in the Western rulings.

In all Texas intrastate shipments, the kinds of boxes used in packing and how shipped is merely touched upon in Rule 13 while the Western makes it the subject of Rules 8 and 42, providing minute instructions for the guidance of shippers.

Rule 20 of Texas provides that consignee can not inspect a car-load shipment unless express permission is given by statement on billing. The Western rules have no such provision. Nor is there a provision to correspond with Rule 30 of Texas whereby a minimum charge of 30 cents per 100 pounds for a distance not greater than 60 miles is specified on all articles classed higher than first class.

Texas rules 32, 33, 34 and 35 provide respectively for double charges on all freight shipped by passenger train, a charge of 5 per car for each stopover privilege at intermediate stations with a limit of three stops, the payment of one dollar per car for changing destination within forty-eight hours of arrival or while in transit, and the return at $\frac{1}{2}$ rate of articles exhibited at fairs and expositions. For none of these is there a special ruling in the Western Classification.

The Western Classification covering a vastly greater area necessarily contains many instructions that the Texas omits either because the Western rules are in force also on intrastate shipments or because local conditions do not require them.

The Illinois Classification presents a peculiar situation because it covers a territory partly in the Official and partly in the Western Classification districts. There is no

corresponding provision either in Illinois or Western to Rule 23 of the Official. This rule permits the agent to classify articles, not classified, the same as analogous articles and to notify the General Freight Department immediately. When articles are falsely described Rule 4A of the Official makes it an offense punishable by fine or imprisonment. Rule 4 of the Illinois requires full payment but does not add any penalty. But if the goods should be lost or damaged, the carrier would be liable only for the article called.

Rule 1 of the Illinois provides a carload minimum of 20,000 pounds for the first three classes and 24,000 pounds minimum for the rest while the Illinois, Rule 5A&B, provides a minimum of 30,000 pounds when not otherwise specified. Stoves and fixtures used in heating perishable freight in carload shipments may be returned at one-half of fourth class rate according to Rule 8 of Illinois. The Standard classification does not mention anything about the return. In Rule 7A of the Official a certain carload minimum for each car is specified when articles requiring two or more cars are shipped. Rule 7 of Illinois takes the actual weight above the first car's capacity as a basis for the charges. The Official requires that if two cars are required the minimum charge should be not less than for 36,000 pounds carload rate. If a shipper has but 30,000 pounds requiring two cars and one car has a capacity of 25,000 pounds he will have to pay, according to the Official rulings for 36,000 pounds but according to the Illinois rulings he will have to pay only for the actual weight.

Rule 10 of Illinois merely mentions a few specifications for packing, boxing, etc. The Official, however, itemizes

such instructions in Rules 2 and 8 very minutely. Rule 7B&C of the official provides a minimum charge of 5000 pounds at less than carload rates on articles loaded on open cars. Illinois rules are silent on this point. There is no ruling in either the Illinois or Official governing return shipments, freight subject to transfer en route, stopover priveleges, freight forwarded by passenger trains, or for minimum charges on articles higher than first class.

Rule 20 of Illinois provides for the return of empty packages at special rates the same as Rule 25 of the Western. The Official makes no distinction of them. According to Rule 4A of the latter, a carrier is permitted to inspect freight, Illinois goes on the supposition that it is unnecessary as there is no provision for it in its rules. A shipper may load ice in bunkers for refrigeration and according to Rule 12 of Official, it will be carried free provided consignee does not take the ice. Illinois has no special ruling on this matter. Nor does it require prepayment on articles of less value than freight charges, whereas Rule 16 of the Official specifies that all such shipments must be prepaid or guaranteed.

The Southern Classification rules and the Georgia Exceptions do not call for any special analysis. The only point wherein they differ is in the matter of carload minima. The Georgia rules specify a minimum of 20,000 pounds when not otherwise provided while the Southern makes 34,000 pounds as a carload minimum.

In conclusion it may be said that the State Railway Commissions adopt from the Standard Classifications those rulings which do not materially interfere with local conditions, but they

make other provisions whenever a ruling of the Interstate Classifications seems to be unfavorable for their respective territories. The justification for these exceptions and their possible unification will be treated in the last chapter.